



Trucks of goods travelling from India to Bangladesh.

PHOTO: MOHSIN MILLON

An emergent urgency for Bangladesh

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reasons for rejecting a commodity on grounds of SPS non-compliance and provide scientific proof as per international regulations.

As regards Bangladesh-India bilateral trade, there does exist a Memorandum of Understanding (MoU) between Bangladesh Standards and Testing Institution (BSTI) in Bangladesh and Bureau of Indian Standards (BIS) in India which aims to strengthen standardisation, certification, measurement and testing activities and talks of facilitating sharing of expertise. The areas of cooperation in the MoU also include provisions for technical information and training, dispute settlement and financing. However, the MoU will need to be followed up with further and additional initiatives within the ambit of the proposed SPS Agreement. Cooperation for food testing and certifi-

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ication has also been mentioned in the aforesaid MoU; however, at present there is no mechanism for cooperation towards mutual acceptance of results from respective standard setting institutions. A comprehensive SPS Agreement can play an enabling role in addressing many of the current concerns. However, capacity of the BSTI will need to be significantly enhanced if the proposed SPS Agreement is to be properly implemented. The current work at the South Asian Regional Standards Organization (SARSO) headquartered in Dhaka will be highly relevant in this context. SARSO is developing regional harmonised SPS standards which then could become integral part of the proposed (bilateral/regional) SPS Agreement. Operationalising the BBIN-MVA Experience and evidence suggest that transport logistics are key to promote trade and investment, and developing value and supply chains particularly among neighbouring countries belonging to a region or a sub-region. Good connectivity reduces cost of doing business and raises competitive strengths of trading partners, enabling them to operate on the basis of comparative and revealed comparative advantages. In view of this, in many regions, countries with common borders have signed cross border transport agreements (CBTAs) to facilitate movement of vehicles across borders. This type of Agreement is also seen as critical in terms of strengthening regional cooperation and integration. However, despite the existence of basic infrastructure, albeit not to the extent that is required, surface transport network in South Asia continues to be highly fragmented. For reasons of lack of integration of the transport system and absence of seamless connectivity, logistics costs incurred in conducting intra-regional trade in South Asia tend to remain significantly high. This in turn undermines competitive strength of traders interested to carry out export-import business with neighbouring countries in South Asia. This also discourages intra-regional investment in spite of the fact that potential opportunities of cross-border investment in South Asia are significant. Lack of seamless connectivity also undermines the

possibilities of reaping the benefits of some of the positive initiatives that have already been undertaken to deepen intra-regional cooperation in South Asia. Some of these initiatives include: duty-free quota-free (DF-QF) offer of India to all LDCs of the South Asian Association for Regional Cooperation (SAARC), trade and transit cooperation agreements between Bangladesh and India, Bangladesh's offer to allow use of Mongla and Chittagong ports by India, Nepal and Bhutan, allowing Nepal and Bhutan to use Indian territory for trade with Bangladesh and third countries, proposed special economic zones (SEZs) for India in Mongla (Khulna) and Bheramara (Kushtia), and Coastal Shipping Agreement, to mention only a few.

It is from this perspective that the sub-regional motor vehicle framework Agreement signed in June 2015 by Transport Ministers of four SAARC member countries, i.e. Bangladesh, Bhutan, India and Nepal (BBIN), is of such critical importance for deepening not only transport, but also trade, investment and people-to-people connectivities within the BBIN sub-region of the SAARC region.

In view of the aforesaid recent developments of high significance, issues related to operationalising the BBIN-MVA have now assumed heightened practical significance and importance. A model MVA appropriate for South Asia will have to include appropriate protocols along with detailed annexes to elaborate the protocols, and should be in line with international best practices. Such practices show that a comprehensive MVA has the following elements: Principles that would govern the Agreement; Ways of operationalising the Agreement; Documentation and Procedures; Border crossing formalities; Registration of vehicles; Container customs regime; Taxes, fees and other charges; Institutional arrangements; Technical matters; Infringements; Application of laws and regulations; and Provisions for amendments to the Agreement, amongst others. The BBIN-MVA includes many of these elements, but specifics will need to be identified and agreed upon in order to

operationalise the Agreement.

A key factor will be to mobilise the needed financial resources. This is particularly crucial since operationalising the MVA will entail significant investment in developing the needed road infrastructure. For example, the BBIN ministerial meeting has come up with the estimates of an investment requirement of USD 8 billion for development of the identified 30 priority projects within the BBIN areas, of which seven are in Bangladesh. The Indian line of credit (LoC), first and second, should be aligned with the emerging needs of connectivity including development of transport networks and building the needed infrastructure at the Ashuganj International River Port (AIRP). As may be recalled, as of now only three consignments have made use of this route with high potentials because of the lack of the needed infrastructure. Bangladesh has been able to collect revenue and user fees of only eight lakh taka by providing the services. Needless to say, the potentials continue to remain underachieved. Other possible sources of financing, including from the Asian Infrastructure Investment Bank (AIIB), will need to be explored as well.

For Bangladesh, it will be important to ensure coordination among Ministries, alignment with connectivity strategies and allocations envisaged in the Five Year Plans and the Annual Development Programme. Formulation of a 'Comprehensive Regional Connectivity and Investment Plan' is called for.

A key task will be to ensure security of persons, vehicles and cargo during in-country movement and border crossing. Incident management system and road information system may be introduced to ensure security through installation of tracking equipment and vehicle and driver detection system, as also for safeguarding against violation of law and addressing and mitigating consequences of accidents and vehicular malfunctioning. Containerised vehicular movement, under seal, will need to be promoted and security check posts with adequate human resources will need to be deployed at

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border crossing points.

It will be important for the BBIN-MVA members to carefully assess the issue of inclusion of new members which has been provisioned in the Agreement. An appropriate dispute settlement mechanism will also need to be set up, with a clear and transparent terms of reference and mandate.

Concluding remarks

Deepening of economic cooperation, at bilateral, sub-regional and regional levels, offers potentially significant gains to countries of South Asia. Integration at these levels will also help strengthened global integration of South Asian countries. At present a number of other initiatives have also been set in motion including the one belt, one road (OBOR) proposal and the Bangladesh-China-India-Myanmar Economic Corridor (BCIM-EC). Together, all these initiatives could lead to a closer and deeper South Asian integration from which South Asian countries could reap important gains. SPS Agreement and an effective BBIN-MVA could be important building blocs in the envisaged greater scheme of things and in the context of the broader wider Asia-wide vision of cooperation. South Asian countries should take advantage of, and seize, this opportunity. But this is a time-bound window of opportunity. Hence the urgency of taking the needed measures.

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